

Reliance Standard Life Insurance Company

Home Office: Chicago, Illinois • Administrative Office: Philadelphia, Pennsylvania

POLICYHOLDER: The RSL Group and Blanket Insurance Trust

POLICY NUMBER: LSC 97,200

EFFECTIVE DATE: August 1, 1986

ANNIVERSARY DATES: January 1, 1995 and each January 1 thereafter

PREMIUM DUE DATES: The first Premium is due on the Participating Unit's Effective Date. Further Premiums are due monthly, in advance, on the first day of each month.

This Policy is delivered in Rhode Island and is governed by its laws.

Reliance Standard Life Insurance Company is referred to as "we", "our" or "us" in this Policy.

The Policyholder and any subsidiaries, divisions or affiliates are referred to as "you", "your" or "yours" in this Policy.

We agree to provide insurance to you in exchange for the payment of Premium and a signed Application. This Policy provides income replacement benefits for Total Disability from Sickness or Injury. It insures those Eligible Persons for the Monthly Benefit shown on the Schedule of Benefits. The insurance is subject to the terms and conditions of this Policy.

The Effective Date of this Policy is shown above. This Policy stays in effect as long as Premium is paid when due. The "TERMINATION OF THIS POLICY" section of the GENERAL PROVISIONS explains when the insurance terminates.

This Policy is signed by our President and Secretary.

Charles W. Conlon *John F. Miller*
Effective Date: 8-1-97 SECRETARY PRESIDENT
Provision Changed: LBR deleted

Countersigned _____

Licensed Resident Agent

GROUP LONG TERM DISABILITY INSURANCE NON-PARTICIPATING

THIS FORM PROVIDES A DESCRIPTION OF THE BENEFITS CHOSEN BY YOU FOR YOUR EMPLOYEES UNDER THE GROUP POLICY ISSUED TO THE RSL GROUP AND BLANKET INSURANCE TRUST. THIS FORM IS DELIVERED TO YOU ON MAY 9TH, 1997 AND AMENDS THE OTHER LONG TERM DISABILITY POLICY/FORM PREVIOUSLY ISSUED TO YOU BY US.

**REQUEST FOR PARTICIPATION IN
THE RSL GROUP AND BLANKET INSURANCE TRUST**

Effective as of January 1, 1994, as amended through April 1, 1997, the Participating Unit named below requests that it be approved as a participant in the RSL Group and Blanket Insurance Trust in order to provide insurance for its employees, and hereby agrees to be bound by all terms and conditions of the Trust Agreement applicable to it. The Participating Unit acknowledges receipt of a description of coverage form which summarizes the coverages and limitations requested by the Participating Unit under Master Policy LSC 97,200.

Participating Unit: PaineWebber Group Inc.

Participating Unit Number: LSC 097613

This Agreement may not be altered or amended without consent of both parties in writing.

This Agreement is completed in duplicate, one copy to be attached to your copy of the Master Policy and the other returned to us.

ACCEPTED BY:

RELIANCE STANDARD LIFE
INSURANCE COMPANY

BY:

Charles W. Conller
Secretary
May 9th, 1997

PARTICIPATING UNIT

BY: _____

TITLE: _____

DATE: _____

Please sign and return.

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INSURANCE COMPANY

BY:

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Secretary
May 9th, 1997

PARTICIPATING UNIT

BY: _____

TITLE: _____

DATE: _____

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SCHEDULE OF BENEFITS

NAME OF SUBSIDIARIES, DIVISIONS OR AFFILIATES TO BE COVERED: Kidder Peabody, Inc.

"Affiliate" means any corporation, partnership, or sole proprietor under the common control of the Participating Unit.

ELIGIBLE CLASSES: Each active, Full-time and regular Part-time employee earning less than \$250,000 per year in any calendar year of employment with PaineWebber Incorporated or PaineWebber Group Inc. (hereinafter referred to as the Participating Unit, or as "you", "your" or "yours" where applicable), under Participating Unit Number LSC 97,613, effective January 1, 1994, as amended on January 30, 1995, except any person employed on a temporary or seasonal basis.

INDIVIDUAL EFFECTIVE DATE: The day the person becomes eligible.

INDIVIDUAL REINSTATEMENT: not applicable

MINIMUM PARTICIPATION REQUIREMENTS: Percentage: 60% Number of Insureds: 10

LONG TERM DISABILITY BENEFIT

ELIMINATION PERIOD: 180 consecutive days of Total Disability.

MONTHLY BENEFIT: The Monthly Benefit is an amount equal to 60% of Covered Monthly Earnings, payable in accordance with the section entitled Benefit Amount.

MINIMUM MONTHLY BENEFIT: In no event will the Monthly Benefit payable to an Insured be less than \$50.00

MAXIMUM MONTHLY BENEFIT: \$12,500.00 (this is equal to a maximum Covered Monthly Earnings of \$20,833.00).

Eff: 1-30-95
Change: Add Affiliate

MAXIMUM DURATION OF BENEFITS: Benefits will not accrue beyond the longer of: the Duration of Benefits; or Normal Retirement Age; specified below:

<u>Age at Disablement</u>	<u>Duration of Benefits (in years)</u>
61 or less	To Age 65
62	3-1/2
63	3
64	2-1/2
65	2
66	1-3/4
67	1-1/2
68	1-1/4
69 or more	1

OR

Normal Retirement Age as defined by the 1983 Amendments to the United States Social Security Act and determined by the Insured's year of birth, as follows:

<u>Year of Birth</u>	<u>Normal Retirement Age</u>
1937 or before	65 years
1938	65 years and 2 months
1939	65 years and 4 months
1940	65 years and 6 months
1941	65 years and 8 months
1942	65 years and 10 months
1943 thru 1954	66 years
1955	66 years and 2 months
1956	66 years and 4 months
1957	66 years and 6 months
1958	66 years and 8 months
1959	66 years and 10 months
1960 and after	67 years

Changes in Monthly Benefit: Changes in the Monthly Benefit because of a change in age or class (if applicable) are effective on the January 1st coinciding with or next following the date of the change. Changes in the Monthly Benefit because of a change in Earnings are effective as determined by the definition of Covered Monthly Earnings. The Insured must be actively at work on the date of the change. If an Insured is not actively at work when the change should take effect, the change will take effect on the day after the Insured has been actively at work for one full day.

CONTRIBUTIONS: Insured: 100%

DEFINITIONS

"Actively at Work" and "Active Work" mean actually performing on a Full-time or Part-time basis the material duties pertaining to his/her job in the place where and the manner in which the job is normally performed. This includes approved time off such as vacation, jury duty and funeral leave, but does not include time off as a result of an Injury or Sickness.

"Claimant" means an Insured who makes a claim for benefits under this Policy for a loss covered by this Policy as a result of an Injury to or a Sickness of the Insured.

"Covered Monthly Earnings" is equal to the monthly average of the Insured's prior three years earnings (or 1/12th of an annualization of the Insured's earnings for any partial year of service) with you, subject to income tax withholding. It includes base pay, overtime, bonuses, commission, draw and any pre-tax contributions the Insured made to the Savings Investment Plan (SIP), Income Advantage Plan (IAP) and the Medical Plan employee contributions. It does not include any amounts not considered wages subject to income tax withholding including, but not limited to the following: Employee Forgivable Loans (EFL), moving related expenses, trips, contests or other prizes, group term life imputed income, leased car and car allowances, and amounts realized by exercising certain stock options. In calculating your three year average earnings, only a maximum of \$250,000 will be considered for any one year.

For commissioned employees with less than one year of service, and whose prior employment was with a securities and investment firm, Covered Monthly Earnings will be equal to:

- (1) total earnings as reported on the Insured's prior employer's W-2*, divided by 12 (a copy of this W-2* must be on file with the Benefits Department), or;
- (2) \$2,000.00.

*W-2 earnings will include base pay, bonus, commission, overtime and any pre-tax deferrals as defined above.

"Eligible Person" means a person who meets the Eligibility Requirements of this Policy.

"Elimination Period" means a period of consecutive days of Total Disability, as shown on the Schedule of Benefits page, for which no benefit is payable. It begins on the first day of Total Disability.

Interruption Period: If, during the Elimination Period, an Insured returns to Active Work for less than 60 days, then the same or related Total Disability will be treated as continuous. Days that the Insured is Actively at Work during this interruption period will not count towards the Elimination Period. This interruption of the Elimination Period will not apply to an Insured who becomes eligible under any other group long term disability insurance plan.

"Full-time" and "Regular Part-time" means locked-in to a regularly scheduled work week of at least 20 hours.

"Hospital" or "Institution" means a facility licensed to provide care and treatment for the condition causing the Insured's Total Disability.

"Injury" means bodily injury resulting directly from an accident, independent of all other causes. The Injury must cause Total Disability which begins while insurance coverage is in effect for the Insured.

"Insured" means a person who meets the Eligibility Requirements of this Policy and is enrolled for this insurance.

"Physician" means a duly licensed practitioner who is recognized by the law of the state in which treatment is received as qualified to treat the type of Injury or Sickness for which claim is made. The Physician may not be the Insured or a member of his/her immediate family.

"Pre-existing Condition" means any Sickness or Injury for which the Insured received medical treatment, consultation, care or services, including diagnostic procedures, or took prescribed drugs or medicines, during the 3 months immediately prior to the Insured's effective date of insurance.

"Premium" means the amount of money needed to keep this Policy in force.

"Rehabilitative Employment" means work in any gainful occupation for which the Insured's training, education or experience will reasonably allow. The work must be supervised by a Physician or a licensed rehabilitation specialist approved

by us. Rehabilitative Employment includes work performed while Partially Disabled, but does not include performing all the material duties of his/her regular occupation on a Full-time basis.

"Retirement Benefits" mean money which the Insured is entitled to receive upon early or normal retirement or disability retirement under:

- (1) any plan of a state, county or municipal retirement system, if such pension benefits include any credit for employment with you;
- (2) Retirement Benefits under the United States Social Security Act of 1935, as amended, or under any similar plan or act; or
- (3) an employer's retirement plan where payments are made in a lump sum or periodically and do not represent contributions made by an Insured.

Retirement Benefits do not include:

- (1) a federal government employee pension benefit;
- (2) a thrift plan;
- (3) a deferred compensation plan;
- (4) an individual retirement account (IRA);
- (5) a tax sheltered annuity (TSA);
- (6) a stock ownership plan; or
- (7) a profit sharing plan.

"Sickness" means illness or disease causing Total Disability which begins while insurance coverage is in effect for the Insured. Sickness includes pregnancy, childbirth, miscarriage or abortion, or any complications therefrom.

X "Totally Disabled" and "Total Disability" mean, that as a result of an Injury or Sickness:

- (1) during the Elimination Period and for the first 24 months for which a Monthly Benefit is payable, an Insured cannot perform the material duties of his/her regular occupation;
 - (a) "Partially Disabled" and "Partial Disability" mean that as a result of an Injury or Sickness an Insured is capable of performing the material duties of his/her regular occupation on a part-time basis or some of the material duties on a full-time basis. An Insured who is Partially Disabled will be considered Totally Disabled, except during the Elimination Period;
 - (b) "Residual Disability" means being Partially Disabled during the Elimination Period. Residual Disability will be considered Total Disability; and
- (2) after a Monthly Benefit has been paid for 24 months, an Insured cannot perform the material duties of any occupation. Any occupation is one that the Insured's education, training or experience will reasonably allow. We consider the Insured Totally Disabled if due to an Injury or Sickness he or she is capable of only performing the material duties on a part-time basis or part of the material duties on a Full-time basis.

If an Insured is employed by you and requires a license for such occupation, the loss of such license for any reason does not in and of itself constitute "Total Disability".

However, if an Insured is employed by you as a licensed pilot or as a crew member, "Total Disability" means that, due to an Injury or Sickness, he/she cannot perform the material duties of any gainful occupation for which his/her education, training or experience will reasonably allow. The loss of a pilot's authorization to fly for any reason does not in and of itself constitute "Total Disability".

Effective Date: 4-1-97

Provision Changed: "Totally

Disabled" + Total
Disability.

PROVISIONS APPLICABLE TO PARTICIPATING UNITS

DEFINITION: A "Unit" means any group eligible to participate in the RSL Group and Blanket Insurance Trust.

The following provisions apply to a Unit which becomes a Participating Unit under this Policy as a result of signing the Participating Unit Agreement. All other Policy terms not in conflict with this section apply to this Unit as well.

PREMIUMS: Premiums are payable by the Participating Unit on or before the date they become due.

The Premium Rate for this insurance is based on the insurance coverage requested by the Participating Unit. We reserve the right to adjust the Premium Rate on any Premium Due Date:

- (1) after insurance has been in force twelve (12) months; or
- (2) when insurance is changed by amendment. We will notify the Participating Unit in writing at least thirty-one (31) days before a Premium Rate change is made due to (1) above.

EFFECTIVE DATE OF A PARTICIPATING UNIT: Any Unit will become a Participating Unit under this Policy on the later of:

- (1) the Effective Date of this Policy, if eligible to participate on that date; or
- (2) the date insurance is approved by us.

TERMINATION OF A PARTICIPATING UNIT: A Participating Unit will no longer be a Participating Unit under this Policy on the earliest of the following dates:

- (1) the date it no longer meets any of the requirements set out under the Definition provision shown above;
- (2) the date it stops or suspends active business operations or is placed in bankruptcy or receivership;
- (3) the date it loses its entity by means of dissolution, merger or otherwise;
- (4) the date at the end of the period for which the last Premium Payment has been made by the Participating Unit on its own behalf;
- (5) the date a Participating Unit's insurance under this Policy is ended in accordance with the Provisions below; or
- (6) the date this Policy ends.

All insurance then in force on persons in any such Participating Unit will cease at once, except if otherwise set out on the Participating Unit's Agreement.

A Participating Unit may end its insurance by giving us notice. This notice must be written and mailed or delivered to our authorized representative or to us at our Administrative Office. The termination will be effective on receipt of such notice by us, or on a later date if one is specified in the notice. In the event of termination at a date other than a Premium Due Date, the earned Premium will be computed, and we will promptly return the unearned portion of any Premium paid.

Upon notice, we may end the insurance of a Participating Unit after twelve (12) months of a Unit's participation under this Policy or at any later time. This notice must be written and state when, not less than thirty-one (31) days later, the termination will be effective. The notice must be sent to the Participating Unit at the last address shown on our records.

We may end the insurance of a Participating Unit if payment of Premium on a Premium Due Date (other than Anniversary Date) is not received within the Grace Period provided by this Policy. The notice must be in writing and be sent to the Participating Unit's last address shown on our records. It must state when, not earlier than the end of the Grace Period, the termination will be effective. Termination under this section will be effective only with respect to the insurance for which the Premium was due.

A Unit which ceases to be a Participating Unit under this Policy may again become a Participating Unit only if agreed to in writing between the Participating Unit and us.

GENERAL PROVISIONS

ENTIRE CONTRACT: The entire contract between you and us is this Policy, your Application (a copy of which is attached at issue) and any attached amendments.

CHANGES: No agent has authority to change or waive any part of this Policy. To be valid, any change or waiver must be in writing, signed by either our President, a Vice President, or a Secretary. The change or waiver must also be attached to this Policy.

TIME LIMIT ON CERTAIN DEFENSES: After this Policy has been in force for two (2) years from its Effective Date, no statement made by you shall be used to void this Policy; and no statement by any Insured on a written application for insurance shall be used to reduce or deny a claim after the Insured's insurance coverage, with respect to which claim has been made, has been in effect for two (2) years.

RECORDS MAINTAINED: You must maintain records of all Insureds. Such records must show the essential data of the insurance, including new persons, terminations, changes, etc. This information must be reported to us regularly. We reserve the right to examine the insurance records maintained at the place where they are kept. This review will only take place during normal business hours.

CLERICAL ERROR: Clerical errors in connection with this Policy or delays in keeping records for this Policy, whether by you, us, or the Plan Administrator:

- (1) will not terminate insurance that would otherwise have been effective; and
- (2) will not continue insurance that would otherwise have ceased or should not have been in effect.

If appropriate, a fair adjustment of premium will be made to correct a clerical error.

MISSTATEMENT OF AGE: If an Insured's age is misstated, the Premium will be adjusted. If the Insured's benefit is affected by the misstated age, it will also be adjusted. The benefit will be changed to the amount the Insured is entitled to at his/her correct age.

NOT IN LIEU OF WORKER'S COMPENSATION: This Policy is not a Worker's Compensation Policy. It does not provide Worker's Compensation benefits.

CONFORMITY WITH STATE LAWS: Any section of this Policy, which on its Effective Date, conflicts with the laws of the state in which this Policy is issued, is amended by this provision. This Policy is amended to meet the minimum requirements of those laws.

CERTIFICATE OF INSURANCE: We will send to you an individual certificate for each Insured. The certificate will outline the insurance coverage, state this Policy's provisions that affect the Insured, and explain to whom benefits are payable.

TERMINATION OF THIS POLICY: You may cancel this Policy at any time by giving us written notice. This Policy will be cancelled on the date we receive your notice or, if later, the date requested in your notice.

This Policy will terminate at the end of the Grace Period if Premium has not been paid by that date.

We may cancel this Policy within thirty-one (31) days of written notice prior to the date of cancellation, only:

- (1) if the number of Insureds is less than the Minimum Participation Number shown on the Schedule of Benefits; or
- (2) if the percentage of Eligible Persons insured is less than the Minimum Participation Percentage shown on the Schedule of Benefits.

You will still owe us any Premium that is not paid up to the date this Policy is cancelled. We will return, pro-rata, any part of the Premium paid beyond the date this Policy is cancelled.

Termination of this Policy will not affect any claim which was covered prior to termination, subject to the terms and conditions of this Policy.

CLAIMS PROVISIONS

NOTICE OF CLAIM: Written notice must be given to us within thirty-one (31) days after a Total Disability covered by this Policy occurs, or as soon as reasonably possible. The notice should be sent to us at our Administrative Office or to our authorized agent. The notice should include your name, the Policy Number, Participating Unit Number and the Insured's name.

CLAIM FORMS: When we receive the notice of claim, we will send the Claimant the claim forms to file with us. We will send them within fifteen (15) days after we receive notice. If we do not, then proof of Total Disability will be met by giving us a written statement of the type and extent of the Total Disability. The statement must be sent within ninety (90) days after the loss began.

WRITTEN PROOF OF TOTAL DISABILITY: For any Total Disability covered by this Policy, written proof must be sent to us within ninety (90) days after the Total Disability occurs. If written proof is not given in that time, the claim will not be invalidated nor reduced if it is shown that written proof was given as soon as was reasonably possible. In any event, proof must be given within one (1) year after the Total Disability occurs, unless the Claimant is legally incapable of doing so.

PAYMENT OF CLAIMS: When we receive written proof of Total Disability covered by this Policy; we will pay any benefits due. Benefits that provide for periodic payment will be paid for each period as we become liable.

We will pay benefits to the Insured, if living, or else to his/her estate.

If the Insured has died and we have not paid all benefits due, we may pay up to \$1,000.00 to any relative by blood or marriage, or to the executor or administrator of the Insured's estate. The payment will only be made to persons entitled to it. An expense incurred as a result of the Insured's last illness, death or burial will entitle a person to this payment. The payments will cease when a valid claim is made for the benefit. We will not be liable for any payment we have made in good faith.

Reliance Standard Life Insurance Company shall serve as the claims review fiduciary with respect to the insurance policy and the Plan. The claims review fiduciary has the discretionary authority to interpret the Plan and the insurance policy and to determine eligibility for benefits. Decisions by the claims review fiduciary shall be complete, final and binding on all parties.

ARBITRATION OF CLAIMS: Any claim or dispute arising from or relating to our determination regarding the Insured's Total Disability may be settled by arbitration when agreed to by the Insured and us in accordance with the Rules for Health and Accident Claims of the American Arbitration Association or by any other method agreeable to the Insured and us. In the case of a claim under an Employee Retirement Income Security Act (hereinafter referred to as ERISA) Plan, the Insured's ERISA claim appeal remedies, if applicable, must be exhausted before the claim may be submitted to arbitration. Judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction over such awards.

Unless otherwise agreed to by the Insured and us, any such award will be binding on the Insured and us for a period of twelve (12) months after it is rendered assuming that the award is not based on fraudulent information and the Insured continues to be Totally Disabled. At the end of such twelve (12) month period, the issue of Total Disability may again be submitted to arbitration in accordance with this provision.

Any costs of said arbitration proceedings levied by the American Arbitration Association or the organization or person(s) conducting the proceedings will be paid by us.

PHYSICAL EXAMINATION AND AUTOPSY: We will, at our expense, have the right to have a Claimant interviewed and/or examined:

- (1) physically;
- (2) psychologically; and/or
- (3) psychiatrically;

to determine the existence of any Total Disability which is the basis for a claim. This right may be used as often as it is reasonably required while a claim is pending.

We can have an autopsy made unless prohibited by law.

LEGAL ACTIONS: No legal action may be brought against us to recover on this Policy within sixty (60) days after written proof of loss has been given as required by this Policy. No action may be brought after three (3) years (Kansas, five (5) years; South Carolina, six (6) years) from the time written proof of loss is received.

INDIVIDUAL ELIGIBILITY, EFFECTIVE DATE AND TERMINATION

GENERAL GROUP: The general group will be your employees and employees of any subsidiaries, divisions or affiliates named on the Schedule of Benefits page.

ELIGIBILITY REQUIREMENTS: A person is eligible for insurance under this Policy if he/she is a member of an Eligible Class, as shown on the Schedule of Benefits page.

EFFECTIVE DATE OF INDIVIDUAL INSURANCE: If you pay the entire Premium due for an Eligible Person, the insurance for such Eligible Person will go into effect on the Individual Effective Date, as shown on the Schedule of Benefits page.

If an Eligible Person pays a part of the Premium, he/she must apply in writing for the insurance to go into effect. He/she will become insured on the latest of:

- (1) the Individual Effective Date as shown on the Schedule of Benefits page, if he/she applies on or before that date;
- (2) on the date he/she applies, if he/she applies within thirty-one (31) days from the date he/she first met the Eligibility Requirements; or
- (3) on the date we approve any required proof of health acceptable to us. We require this proof if a person applies:
 - (a) after thirty-one (31) days from the date he/she first met the Eligibility Requirements; or
 - (b) after he/she terminated this insurance but remained in an Eligible Class as shown on the Schedule of Benefits page.

The insurance for an Eligible Person will not go into effect on a date he/she is not Actively at Work because of a Sickness or Injury. The insurance will go into effect after the person is Actively at Work for one (1) full day in an Eligible Class, as shown on the Schedule of Benefits page.

TERMINATION OF INDIVIDUAL INSURANCE: The insurance of an Insured will terminate on the first of the following to occur:

- (1) the date this Policy terminates;
- (2) the date the Insured ceases to meet the Eligibility Requirements;
- (3) the end of the period for which Premium has been paid for the Insured;
- (4) the date the Participating Unit ceases to be a Participating Unit under this Policy; or
- (5) the date the Insured enters military service (not including Reserve or National Guard).

INDIVIDUAL REINSTATEMENT: The insurance of a terminated person may be reinstated if he/she returns to Active Work with you within the period of time as shown on the Schedule of Benefits page. He/she must also be a member of an Eligible Class, as shown on the Schedule of Benefits page, and have been:

- (1) on a leave of absence approved by you; or
- (2) on temporary lay-off.

The person will not be required to fulfill the Eligibility Requirements of this Policy again. The insurance will go into effect after he/she returns to Active Work for one (1) full day. If a person returns after having resigned or having been discharged, he/she will be required to fulfill the Eligibility Requirements of this Policy again. If a person returns after terminating insurance at his/her request or for failure to pay Premium when due, proof of health acceptable to us must be submitted before he/she may be reinstated.

PREMIUMS

PREMIUM PAYMENT: All Premiums are to be paid by you to us, or to an authorized agent, on or before the due date. The Premium Due Dates are stated on this Policy's face page.

PREMIUM RATE: The Premium due will be the rate per \$100.00 of the entire amount of Covered Monthly Earnings then in force. We will furnish to you the Premium Rate on your Effective Date and when it is changed. We have the right to change the Premium Rate:

- (1) when the extent of coverage is changed by amendment;
- (2) on any Premium Due Date after the second Policy Anniversary; or
- (3) on any Premium Due Date on or after the first Policy Anniversary if your entire group's Covered Monthly Earnings changes by 25% or more from such group's Covered Monthly Earnings on your Effective Date.

We will not change the Premium Rate due to (2) or (3) above more than once in any twelve (12) month period. We will tell you in writing at least 31 days before the date of a change due to (2) or (3) above.

GRACE PERIOD: You may pay the Premium up to 31 days after the date it is due. This Policy stays in force during this time. If the Premium is not paid during the grace period, this Policy, with respect to you, will terminate. You will still owe us the Premium up to the date this Policy terminates.

WAIVER OF PREMIUM: No Premium is due us for an Insured while he/she is receiving Monthly Benefits from us. Once Monthly Benefits cease due to the end of his/her Total Disability, Premium payments must begin again if insurance is to continue.

BENEFIT PROVISIONS

INSURING CLAUSE: We will pay a Monthly Benefit if an Insured:

- (1) is Totally Disabled as the result of a Sickness or Injury covered by this Policy;
- (2) is under the regular care of a Physician;
- (3) has completed the Elimination Period; and
- (4) submits satisfactory proof of Total Disability to us.

BENEFIT AMOUNT: To figure the benefit amount payable:

- (1) multiply an Insured's Covered Monthly Earnings by the benefit percentage(s), as shown on the Schedule of Benefits page;
- (2) take the lesser of the amount:
 - (a) of step (1) above; or
 - (b) the Maximum Monthly Benefit, as shown on the Schedule of Benefits page; and
- (3) subtract Other Income Benefits, as shown below, from step (2) above.

We will pay at least the Minimum Monthly Benefit, if any, as shown on the Schedule of Benefits page.

OTHER INCOME BENEFITS: Other Income Benefits are benefits resulting from the same Total Disability for which a Monthly Benefit is payable under this Policy. These Other Income Benefits are:

- (1) disability income benefits an Insured is eligible to receive under any group insurance plan(s);
- (2) disability income benefits an Insured is eligible to receive under any governmental retirement system, except benefits payable under a federal government employee pension benefit;
- (3) disability income benefits an Insured is eligible to receive under:
 - (a) Worker's Compensation Laws;
 - (b) occupational disease law;
 - (c) any other laws of like intent as (a) or (b) above; and
 - (d) any compulsory benefit law;
- (4) any of the following that the Insured is entitled to receive from you:
 - (a) wages, excluding the amount allowable under the Rehabilitation Provision; and
 - (b) commissions or monies, including vested renewal commissions, but, excluding commissions or monies that the Insured earned prior to Total Disability which are paid after Total Disability has begun;
- (5) that part of disability or Retirement Benefits paid for by you that an Insured is eligible to receive under a group retirement plan; and
- (6) disability or Retirement Benefits under the United States Social Security Act, the Canadian pension plans, federal or provincial plans, or any similar law for which:
 - (a) an Insured is eligible to receive because of his/her Total Disability or eligibility for Retirement Benefits; and
 - (b) an Insured's dependents are eligible to receive due to (a) above.

Disability and early Retirement Benefits will be offset only if such benefits are elected by the Insured or do not reduce the amount of his/her accrued normal Retirement Benefits then funded.

Retirement Benefits under number 6 above will not apply to disabilities which begin after age 70 for those Insureds already receiving Social Security Retirement Benefits while continuing to work beyond age 70.

Benefits above will be estimated if the benefits:

- (1) have not been applied for; or
- (2) have not been awarded; and
- (3) have been denied and the denial is being appealed.

The Monthly Benefit will be reduced by the estimated amount. If benefits have been estimated, the Monthly Benefit will be adjusted when we receive proof:

- (1) of the amount awarded; or
- (2) that benefits have been denied and the denial cannot be further appealed.

If we have underpaid the Monthly Benefit for any reason, we will make a lump sum payment. If we have overpaid the Monthly Benefit for any reason, the overpayment must be repaid to us. At our option, we may reduce the Monthly Benefit

or ask for a lump sum refund. If we reduce the Monthly Benefit, the Minimum Monthly Benefit, if any, as shown on the Schedule of Benefits page, would not apply.

For each day of a period of Total Disability less than a full month, the amount payable will be 1/30th of the Monthly Benefit.

COST OF LIVING FREEZE: After the initial deduction for any Other Income Benefits, the Monthly Benefit will not be further reduced due to any cost of living increases payable under these Other Income Benefits.

LUMP SUM PAYMENTS: If Other Income Benefits are paid in a lump sum, the sum will be broken down to a monthly amount for the period of time the sum is payable. If no period of time is given, the sum will be broken down to a monthly amount for the period of time we expect the Insured to be disabled based on actuarial tables of disabled lives.

TERMINATION OF MONTHLY BENEFIT: The Monthly Benefit will stop on the earliest of:

- (1) the date the Insured ceases to be Totally Disabled;
- (2) the date the Insured dies;
- (3) the Maximum Duration of Benefits, as shown on the Schedule of Benefits page, has ended; or
- (4) the date the Insured fails to furnish the required proof of Total Disability.

REHABILITATION PROVISION: If, during a period of Total Disability for which a Monthly Benefit is payable, an Insured accepts Rehabilitative Employment, then we will continue to pay the Monthly Benefit less 50% of any of the money received from this Rehabilitative Employment. If an Insured is entitled to Substance Abuse Benefits, Rehabilitative Employment Benefits will not be available for Total Disability as a result of such Substance Abuse.

RECURRENT DISABILITY: If, after a period of Total Disability for which benefits are payable, an Insured returns to Active Work for at least six (6) consecutive months, any recurrent Total Disability for the same or related cause will be part of a new period of Total Disability. A new Elimination Period must be completed before any further Monthly Benefits are payable.

If an Insured returns to Active Work for less than six (6) months, a recurrent Total Disability for a same or related cause will be part of the same Total Disability. A new Elimination Period is not required. Our liability for the entire period will be subject to the terms of this Policy for the original period of Total Disability.

This Recurrent Disability section will not apply to an Insured who becomes eligible for insurance coverage under any other group long term disability insurance plan.

EXCLUSIONS

We will not pay a Monthly Benefit for any Total Disability caused by:

- (1) an act of war, declared or undeclared;
- (2) an intentionally self-inflicted Injury;
- (3) the Insured committing a felony; or
- (4) an Injury or Sickness that occurs while the Insured is confined in any penal or correctional institution.

LIMITATIONS

MENTAL OR NERVOUS DISORDERS: Monthly Benefits for Total Disability caused by or contributed to by mental or nervous disorders will not be payable beyond an aggregate lifetime maximum duration of twenty-four (24) months unless the Insured is in a Hospital or Institution at the end of the twenty-four (24) month period. The Monthly Benefit will be payable while so confined, but not beyond the Maximum Duration of Benefits.

If an Insured was confined in a Hospital or Institution and:

- (1) Total Disability continues beyond discharge;
- (2) the confinement was during a period of Total Disability; and
- (3) the period of confinement was for at least fourteen (14) consecutive days;

then upon discharge, Monthly Benefits will be payable for the greater of:

- (1) the unused portion of the twenty-four (24) month period; or
- (2) ninety (90) days;

but in no event beyond the Maximum Duration of Benefits, as shown on the Schedule of Benefits page.

Mental or Nervous Disorders are defined to include disorders which are diagnosed to include a condition such as:

- (1) bipolar disorder (manic depressive syndrome);
- (2) schizophrenia;
- (3) delusional (paranoid) disorders;
- (4) psychotic disorders;
- (5) depressive disorders;
- (6) anxiety disorders;
- (7) somatoform disorders (psychosomatic illness);
- (8) eating disorders; or
- (9) mental illness.

SUBSTANCE ABUSE: Monthly Benefits for Total Disability due to alcoholism or drug addiction will be payable while the Insured is a participant in a Substance Abuse Rehabilitation Program. The Monthly Benefit will not be payable beyond twenty-four (24) months.

If, during a period of Total Disability due to Substance Abuse for which a Monthly Benefit is payable, an Insured is able to perform Rehabilitative Employment, the Monthly Benefit, less 50% of any of the money received from this Rehabilitative Employment will be paid until: (1) the Insured is performing all the material duties of his/her regular occupation on a full-time basis; or (2) the end of twenty-four (24) consecutive months from the date that the Elimination Period is satisfied, whichever is earlier. All terms and conditions of the Rehabilitation Benefit will apply to Rehabilitative Employment due to Substance Abuse.

"Substance Abuse" means the pattern of pathological use of a Substance which is characterized by:

- (1) impairments in social and/or occupational functioning;
- (2) debilitating physical condition;
- (3) inability to abstain from or reduce consumption of the Substance; or
- (4) the need for daily Substance use for adequate functioning.

"Substance" means alcohol and those drugs included on the Department of Health, Retardation and Hospitals' Substance Abuse list of addictive drugs, except tobacco and caffeine are excluded.

A Substance Abuse Rehabilitative Program means a program supervised by a Physician or a licensed rehabilitation specialist approved by us.

PRE-EXISTING CONDITIONS: Benefits will not be paid for a Total Disability:

- (1) caused by;
- (2) contributed to by; or
- (3) resulting from;

a Pre-existing Condition unless the Insured has been Actively at Work for one (1) full day following the end of 12 consecutive months from the date he/she became an Insured.

CONTINUITY OF INSURANCE COVERAGE PROVISION

Continuity of insurance coverage will be allowed for an Eligible Person who would not be entitled to full coverage under this Policy upon changing carriers due to:

- (1) failure to be Actively at Work on your Effective Date due to an Injury or Sickness; or
- (2) a Pre-existing Conditions Limitation.

This provision will apply only to an Eligible Person who was insured under:

- (1) the prior carrier's policy on its termination date; or
- (2) any policy of a later acquired employer unit which changed insurance carriers.

EFFECT OF FAILURE TO BE ACTIVELY AT WORK: This provision allows insurance to be granted under this Policy to an Eligible Person who was Totally Disabled on or after your Effective Date.

The insurance will be that provided under the prior carrier's policy. This insurance is subject to Premium Payment. The insurance we will pay is the benefit the prior carrier would have paid under their policy reduced by any amount for which the prior carrier is liable.

Insurance provided under this provision will end upon the earliest of:

- (1) the date the insurance would end according to the Termination of Individual Insurance provision of this Policy;
- (2) the date an Eligible Person returns to Active Work and becomes insured under this Policy; or
- (3) the end of any period of extension or accrued liability under the prior carrier's policy.

EFFECT OF A PRE-EXISTING CONDITIONS LIMITATION: The following will apply to an Eligible Person who is Actively at Work and insured under this Policy when a Pre-existing Condition is involved:

- (1) if the Insured has satisfied this Policy's Pre-existing Conditions Limitation, then he/she will be paid according to this Policy;
- (2) if the Insured cannot satisfy this Policy's Pre-existing Conditions Limitation, we will then apply the prior carrier's Pre-existing Conditions Limitation. If the Insured satisfied the prior carrier's Pre-existing Conditions Limitation, giving consideration towards continuous time insured under both policies, then he/she will be paid according to the prior carrier's policy; or
- (3) if the Insured cannot satisfy the Pre-existing Conditions Limitation of:
 - (a) this Policy; and
 - (b) that of the prior carrier;

then no benefit will be paid.

When the Insured has satisfied the Pre-existing Conditions Limitation under this Policy, even if during a period of Recurrent Disability, then the Monthly Benefit will be paid according to this Policy.

SPECIFIC INDEMNITY BENEFIT

If the Insured suffers any one of the Losses listed below from an accident resulting in an Injury, we will pay a guaranteed minimum number of Monthly Benefit payments, as shown below. However:

- (1) the Loss must occur within one hundred and eighty (180) days; and
- (2) the Insured must live past the Elimination Period.

For Loss of:

Number of Monthly Benefit Payments:

Both Hands	46 months
Both Feet	46 months
Entire Sight in Both Eyes	46 months
Hearing in Both Ears	46 months
Speech	46 months
One Hand and One Foot	46 months
One Hand and Entire Sight in One Eye	46 months
One Foot and Entire Sight in One Eye	46 months
One Arm	35 months
One Leg	35 months
One Hand	23 months
One Foot	23 months
Entire Sight in One Eye	15 months
Hearing in One Ear	15 months

"Loss(es)" with respect to:

- (1) hand or foot, means the complete severance through or above the wrist or ankle joint;
- (2) arm or leg, means the complete severance through or above the elbow or knee joint; or
- (3) sight, speech or hearing, means total and irrecoverable Loss thereof.

If more than one (1) Loss results from any one accident, payment will be made for the Loss for which the greatest number of Monthly Benefit payments is provided.

The amount payable is the Monthly Benefit, as shown on the Schedule of Benefits page, with no reduction from Other Income Benefits. The number of Monthly Benefit payments will not cease if the Insured returns to Active Work.

If death occurs after we begin paying Monthly Benefits, but before the Specific Indemnity Benefit has been paid according to the above schedule, the balance remaining at time of death will be paid to the Insured's estate, unless a beneficiary is on record with us under this Policy.

Benefits may be payable longer than shown above as long as the Insured is still Totally Disabled, subject to the Maximum Duration of Benefits, as shown on the Schedule of Benefits page.